



# CITY OF RENTON

Mayor  
Kathy Keolker-Wheeler

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January 1, 2004

Dear Citizens and Councilmembers:

The 2004 Budget presented by our past Mayor and adopted in December 2003 by the City Council, of which I was a member, represents a sound budget. It maintains current levels of service to citizens and provides a small surplus of savings from 2003.

As the Council reviewed the previous Mayor's final budget last year, we understood that it was a status quo plan. The Council made only three changes to the proposed 2004 Budget, all in capital budgets.

The first change set aside \$95,000 to begin the development of a plan for the area known as the Narco property, located across the Cedar River from our Community Center. We realized that the opening of the Aquatic Center, combined with numerous other summer activities, would place new pressures on our Community Center space. However, as a member of the Council, and now as Mayor, I agree that we need to begin planning for parks in a more comprehensive manner. Therefore, this \$95,000 will remain as a reserve in the 2004 Budget until the Council and I talk more about our overall park needs and our city policies with regard to our park system.

The second change was to reserve the \$2.2 million in mitigation monies that King County is paying the City for performing work at the wastewater treatment plant located within our city limits. The County is altering the plant to generate electricity from the methane gas produced by treating the waste. This is a very interesting idea, but will translate into a utility tax reduction of over \$150,000 annually for the City's general fund. The proposed Budget recommended that \$2.2 million be dedicated to street and sidewalk improvements. Until the Council has the opportunity to discuss the use of these monies, this \$2.2 million will remain in reserve.


The third and final change was adding \$1.5 million to the Transportation Capital Fund for the purpose of beginning to plan for streets in the south end of Lake Washington. This property, scheduled to be surplus by The Boeing Company, has been used for parking and factory use. There are no public streets and little other infrastructure in this area. In order to maximize the opportunity for development, the City agreed to invest in the infrastructure. This \$1.5 million will permit us to begin planning for streets in this area so that we are ready to help developers access this site. This effort is already underway.

No new programs were added to the 2004 Budget. While the City currently has a sound financial base, we know that another property tax initiative is pending. If passed, it will reduce the City's general governmental revenues by \$5.2 million and force us to make unprecedented changes to our service levels. I am very mindful of this possibility as we proceed with discussions about available fund balance allocations.



I look forward to continuing to provide the outstanding services to our citizens that we have delivered over the past twenty years during my service as a councilmember. Through collaboration, community involvement, and synergy, I have confidence that we will successfully meet the challenges before us. We will build on our solid foundation and rise to the next level.

Sincerely,

A handwritten signature in black ink that reads "Kathy Keolker-Wheeler". The script is fluid and cursive, with the first letters of each word being capitalized and prominent.

Kathy Keolker-Wheeler  
Mayor



November 1, 2003

Dear City Councilmembers and Citizens:

With this budget, our City makes a transition from one Administration to another. We are fortunate that this Administration's final budget will be carefully considered and adopted by a City Council with one member who will ultimately assume this office and provide leadership for our City. The order and continuity that is built into our system of government has the outgoing Administration and Council setting the budget and policy direction that the new Administration will use to govern during its first year in office.

Over the past eight years I prepared - and you adopted - budgets with conservative revenue estimates and spending plans. Too many of our neighboring cities built budgets that could not be sustained, and we are watching them reduce their expenditures now to meet their revenue estimates. We knew the extraordinary economic growth of the past eight years could not continue indefinitely. Thus, since 1996, we have developed sustainable budgets. Each year, this strategy left us with fund balances, which we have used to fund one-time capital improvements.

This strategy of living well within our means has helped us find the necessary dollars to invest in our downtown core. First, we invested in property left vacant by the relocation of auto dealers to our automall area adjacent to I-405. On some of that property, we built a park, the Piazza. We augmented that open space with a new downtown facility, the Pavilion Building, which when completed in December, will provide many future private and public opportunities for the community to meet in downtown. We used some of our property to build one of the first high quality transit centers outside of Seattle. We built the downtown Parking Garage to provide parking capacity for transit center users, to supplement the Pavilion parking, and to provide parking for downtown core area uses. We have already reaped benefits from the garage with its use on Tuesday Market events and other downtown celebrations. We invested in the Renton School District's IKEA Performing Arts Center, which will bring people to our downtown core for special events such as the Jalisco Week celebration we had in September. Finally, we completed a Veteran's Memorial Park, utilizing ideas and financial support from many individuals to recognize those who served this nation.

All of these improvements translated into setting a foundation, which the private sector enhanced. Leveraging our investment in the downtown property, private developers built 292 new multi-family housing units in our downtown core. With the move of our largest downtown retailer, McLendon's Hardware, to our largest empty retail space along Rainier Avenue, more housing and retail businesses will grow into the downtown core. Having McLendon's remain in our City in a prominent location is a positive accomplishment. Freeing up the current space in the downtown is also a plus. McLendon's property is a prime location near the river, and we already have developers interested in the land.



By the end of the year our new Aquatic Center will be completed and will be a marvelous facility, including a wave action machine, lazy river, and interactive play equipment. This new Aquatic Center, combined with the Community Center, the improved Skateboard Park, ball fields, and Library, all in the same area, defines the district as very family-oriented with an emphasis on youth activities.

Over the past eight years we have supported neighborhood groups through our Neighborhood Program, which has matched over \$150,000 of neighborhood investment for gateway signs, newsletters, and picnics for citizens and neighbors to meet each other. Neighborhood involvement translates into interested citizens, safer streets, and a connection between our citizens and their government.

Over the past few years, The Boeing Company has dramatically decreased the amount of property it owns and leases in our City, and the number of employees who work in our City. In prior years, City revenues would have had a corresponding downward spiral with these reductions. However, because of our successful economic development program, we have diversified our economic base and now are impacted less by Boeing business cycles. Our revenues have remained stable or have increased. However, The Boeing Company and its divisions are still a major presence and force in our community, and it is imperative that we continue to work with them as they plan future consolidation moves, and surplus additional property.

Over the last year we have devoted an enormous amount of time planning for the large block of land owned by The Boeing Company. I have already presented my vision for this area to you. I see great possibilities that, if taken advantage of, will strengthen Renton's position of preeminence in this region well into this century. We can position ourselves through proper land use and zoning to take advantage of new and expanding industries, businesses, and employment opportunities that will help to maintain the quality of life in this community that truly makes us a world class city.

As we have done with other areas of the City, we will need to invest in infrastructure in this area to help aid its redevelopment. My staff continues to work diligently with Boeing representatives on the specifics of infrastructure improvements, but I believe we will need to set aside \$1.5 million from unallocated balances in the 2004 budget to jump start arterial street and utility improvements in the area.

### **Overview**

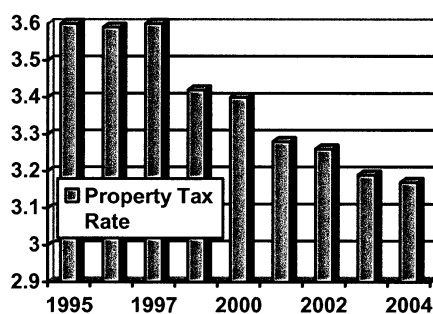
This last budget is no different than previous ones, as it is also based on conservative revenue estimates and expenditures. I am proposing total expenditures of \$145,700,500 in 2004. In addition, we will be setting aside appropriate reserves, for a total budget of \$147,093,300. This is a 2.3 percent increase over our 2003 total budget. Of this total, \$65,990,600 is for general governmental purposes, including setting aside \$70,000 for 2004 costs to maintain the new Parking Garage. This budget is 2.9 percent above the 2003 Budget. This is a very small increase, given that the General Governmental budget is where most of our operating staff costs are budgeted.

*Revenues.* Building a budget begins with an analysis of our revenues. If we do not have the money to pay for services, then we must look to expenditures, because the City has limited options to generate more revenue. Our general operating needs are met through four basic areas: property, sales, and utility taxes, and charges for services. Our water, sewer, surface water, and solid waste needs are met through charges for services.

Property taxes meet over 30.0 percent of our general government needs. As the Council is aware, 2004 will be the second year the City has operated under the 1.0 percent limitations of I-747. Under this statute, we are restricted from collecting more than a 1.0 percent increase in revenues from our regular levy each year. However, we are allowed to receive property taxes on new construction over and above this 1.0 percent limitation. This source of revenue is surpassing all expectations. In 2004 the City will have a total assessed valuation of \$6.2 billion, a 5.0 percent increase over last year. Of this total, a record \$285 million is added from new construction, an astounding total. This is over \$100 million higher than any amount we have ever added to the base in any given year, including the new construction for the Boeing Commercial Airplane Headquarters.

This new construction valuation will add over \$907,000 of one-time monies to our revenue base. Again, because of the 1.0 percent levy limitation, we can add only 1.0 percent of this amount to our on-going levy. We are recommending we spend \$450,000 of this amount on technology – as we have always done in the past. We are leaving the balance of over \$450,000 for the Council to appropriate.

The 1.0 percent limitation will result in a lower property tax rate. As illustrated in the following graph, over the past eight years our general property tax levy rate has decreased from the legal limit of \$3.60 per \$1,000 of Assessed Valuation (AV) to \$3.16 per \$1,000 of AV. This is a 12.0 percent decrease. Some of this decrease was due to the 1.0 percent limitation. However, prior to that, we began to lower this levy in an effort to make the City more attractive to home seekers and businesses.



Sales taxes also demonstrate our efforts in economic development. In the first six months of the year, the health of Renton businesses was stable, but not improving over 2002 when our sales tax receipts were actually lower by 1.2 percent from the previous year. Beginning with June sales, we began to see an increase from increased consumer purchases. As of October, our 2003 sales tax revenues are 5.0 percent higher than in 2002. This is remarkable in that we had expected Fry's Electronics to open earlier than their late August opening. Further, we assumed Sam's

Club was beginning construction in March instead of May. Our revenues in the first six months of the year were actually doing fairly well. Since June, the growth has been much better than we expected.

Our 2004 sales tax estimates remain conservative. We continue to see layoffs at Boeing. Interest rates are expected to increase in 2004. While these increases will likely be in small increments, they will quickly impact car and home sales. We are still in the midst of a jobless economic recovery. While we are gaining from the opening of Fry's Electronics and Sam's Club in 2004, we are losing revenues from the relocation of Multiple Zones to Auburn in 2004. Finally, we must be extra vigilant in monitoring State actions that could impact our resources—particularly our sales tax collections. The proposal to change the source of sales tax collection and distribution from where the sale takes place to where the goods are delivered will translate into an annual loss of more than \$1.2 million for the City of Renton. This means we would lose revenue equivalent to that received by one or more of our larger "Big Box" retail stores. Thus, our estimates "err" on the side of caution.

We are recommending some small increases to boat launch fees, ball field lighting fees, and golf green fees on 18-hole play. I have referred previously for your consideration increases in certain utility impact fees. While I have also presented information on utility rates for your consideration, I am not recommending utility rate increases in this budget.

Our projections for other revenue sources do not raise significant concerns, with the exception of electric utility and gambling taxes. Electric utility taxes are diminishing quickly because of the Washington Utilities and Transportation Commission's decision to permit Boeing to purchase their electricity from the open market and exempt them from paying utility tax on this purchase. This is costing the City approximately \$500,000 in lost tax revenue annually.

Gambling taxes are lower than expected by \$200,000 and we believe this is a reaction to both the general economic conditions and to the fact that these establishments must compete with the casinos located on tribal lands. One of the larger Indian casinos is a mere twenty miles from our City, and is significantly larger than the card rooms permitted by State law.

All other resources are expected to be at least equal to our original 2003 estimates. In recent years, Renton has had stronger population growth than the four-county Puget Sound economy, as well as stronger rates of new home construction. In the past five years, Renton's average population growth has been 3.0 percent annually. This compares to only 1.1 percent for the entire Puget Sound area. In the past year, Renton's population growth has been 2.0 percent as compared to a mere 0.7 percent for the region. We expect growth to continue.

*Expenditures.* When developing our expenditure estimates, we analyze two things: the costs of the current staff and current program costs, and redeployment of the staff and other current resources to program priorities. Once these costs are analyzed, we then may begin to consider additions to or new programs and/or projects.

We are a business of service provision, and staff costs are our greatest expenditure. With the cost of living increase and regular changes to salaries, the total salary costs will increase by \$1.9

million or 4.7 percent. Like the rest of the nation, we are struggling under the ever-increasing costs of providing health care benefits. Our employees have joined us in reviewing ways to lower these costs, and are sharing in the increased costs. Even with this positive approach, the City's 2004 Budget assumes a 10.0 percent increase in health costs. This equates to more than a \$700,000 increase in healthcare costs alone. As stated earlier in this letter, despite these increases in employee costs, the overall general budget increase is just 2.9 percent, which reflects our significant attempt to create as many operating efficiencies and budget savings as possible within our current programs. These changes are highlighted in the detail section of the budget.

While we have no new programs, we continue to meet ever-changing needs. My 2004 Budget includes monies to open and operate the new Aquatic Center without any changes in our other aquatic programs. We will generate approximately \$550,000 in fees, and this revenue will help meet the operational costs of all our aquatic programs.

The changes we made to the jail operations, using Yakima County instead of King County as our long-term inmate facility, will save us \$100,000. My budget recommends we leave these dollars in the Police Department to meet the increased overtime costs of providing concentrated security at the Downtown Transit Center and other downtown locations. Opening the new police substation in the parking structure in 2004 will augment this effort.

We have been working with our partners in Emergency 911 service provision. We scrutinized the Valley Communications Center budget the same way we did our own budget, with the resulting outcome that we have implemented budget principles, processes, and a format that will better serve as a management tool in the future. There is more work to do but, through this process, we were able to identify reserves over and above those required for Valley Comm's continued operations that have been designated to pay for the debt service on the new building for 2004 – and likely for 2005 and 2006. This will result in a reduced direct cost to the City's budget for the next three years.

My recommendation included in this budget is to dedicate some of the monies that would have been required for this debt service, coupled with other one-time revenues, to complete our wireless communications network. This network, using 802.11 technology, permits Police and Fire officers to access the City's network in the field. As the Council observed in a recent demonstration, Valley Comm's existing wireless modem system can be easily overwhelmed by the amount of data transferred from our Police and Fire records management systems. They can access their own records management systems without human intervention, and can do it more quickly because they do not have to go through as many pieces of technology. This provides faster and more efficient field operations. When this new technological initiative is completely finished, we will maximize its investment by providing access to street and parks crews. The 2004 investment is \$500,000. The total investment in this project will be approximately \$700,000, as we already have one section of the City on 802.11 at the present time.

As referenced above, the 2004 Budget implements the second year of a three-year installation of our Fire Department Records Management System. This system will ultimately provide our fire emergency response crews with much improved information while enroute to calls, and while operating in the field.

As you are aware, we are also receiving \$2.2 million from King County for mitigation at the wastewater treatment facility. In compliance with the County's mitigation policy, we have allocated the funds to our street and sidewalk systems. We will add \$500,000 to our reserves to improve Strander Boulevard, thus placing nearly \$1.5 million in this account. We will also dedicate \$1.2 million to State Route 169 Improvements, thereby demonstrating to the State and the region our resolve to improve that corridor. Sidewalks and walkways will receive over \$300,000 of these funds and the remainder will be used for our Arterial Rehabilitation Program.

The 2004 Budget includes over \$800,000 for capital improvements to our parks and facilities. Next year, the City will replace the playground equipment at Sunset Park and Jones Park. The Boat Launch area will have over \$150,000 of improvements. The Parks Division of the Community Services Department will resurface Springbrook Trail and the carpet at our main Library will be replaced. We will do work that is not necessarily exciting but very necessary, such as replacing the Community Center roof.

The Budget also proposes \$95,000 to develop a master site plan for the 57-acre open space referred to as the Narco site – named for the brick manufacturing plant formerly located on the property. The facility was purchased in 1993 with Open Space Funds. It is across the river from our Community Center and new Aquatic Center, and along our Cedar River Trail. The residential and commercial growth in our City has put new stresses on our developed downtown park properties, and it is now time to begin planning for its long-term use.

### **The Future**

The last eight years have laid a solid foundation upon which to build the future. We began with a new City Hall. It is well used for regional meetings, and is the envy of many of our neighboring cities. We invested heavily in our downtown core. The Piazza, Pavilion Building, and Parking Garage have set the stage for more development and for new businesses. The IKEA Performing Arts Center is another asset in which we invested in a joint partnership with the School District, the private sector, IKEA, and many individuals from the Renton community. It, too, will bring people to our downtown core and add to the vitality of our City. We have built for our children. The new Aquatic Center will be a regional draw, but we are pricing it to ensure our citizens receive the greatest benefits from it.

We invested in walkways and sidewalks throughout our neighborhoods. We have provided funds for neighborhood beautification and improvement projects. We have set aside even more dollars to continue these efforts in the next years. Our streets are well maintained. Between Washington State and City funds, all of Grady Way and Lind Avenue have had major overlays in the past three years.

We completed the construction of Fire Station 14 in the Valley, purchased property for the construction of a future new fire station in Kenndale, and purchased a site and completed the construction of Fire Station 12 in the Highlands. We have set aside \$1.5 million to meet other potential opportunities in the Highlands in order to enrich an area that has an active neighborhood base.



We continue to dedicate over \$1 million each year to the maintenance of our assets. We completed more athletic fields at our eastern boundary – at Ron Regis Park. We added acreage for the future development of Heather Downs Park. The County will release more park land to us to the east of our City as our city limits stretch in that direction.

I am extremely proud of the foundation we have laid. However, we did not complete everything. Each year there will be new challenges, but there are a few major ones that I want to highlight.

We need to plan for the replacement of our Parks Maintenance Facility. Our current facility on Maple Valley Highway has many constraints, the greatest of which is that the State needs to have some of that land for their planned - and much needed – improvements to the Highway. Therefore, this facility is quickly becoming the number one capital facility that the City needs.

As mentioned earlier, we must plan for infrastructure improvements on the Boeing property. We will be able to share these costs with future developers. But, as with all economic development, the City will have to identify its willingness to invest in order to maximize the use of property.

The completion of the Cedar River Trail will be a major long-term investment. We have held \$200,000 in reserve for this purpose, but it will be a \$2 million project to connect the trail from the end of the Cedar River around Boeing property to Coulon Park.

The Heather Downs property needs to be developed. Now that we have the acreage reserved for future generations, we will need to install some playground equipment, walkways, open play areas, and other improvements on the property.

An unfortunate incident allowed us to replace the Highlands Community Center. However, the North Highlands Community Center also needs to be replaced. It is extremely substandard, and is greatly needed by this very important community.

Ball field lighting needs to be expanded. We do generate some income from this activity, which continues to grow as King County reduces its recreation programs. It is a need we continue to have.

Technological investment will not stop. We have been fortunate enough to find a minimum of \$1 million a year to meet technological demands. We have met our needs with cash – some cities borrowed for their investment. The greatest challenge before the City in this area is records management for the entire City. That will be another multi-million-dollar system.

Over the past eight years we have fully funded the Equipment Rental Fund with one exception – dollars set aside for the replacement of fire engines and a ladder truck. These are major replacement costs. A new fire engine will cost more than \$400,000. Our current fleet is on an eight-year replacement cycle for front line vehicles. With the construction of Fire Station 12 and the purchase of land for Fire Station 15, we made a decision to extend the replacement cycle to ten years for front line vehicles. Our maintenance analysis indicates that this should not effect our operations. But we do have to plan for replacement of at least one and possibly two vehicles

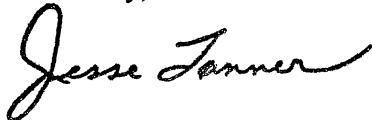
in 2005. However, if our economic development efforts continue to be successful, the fire mitigation fund should be able to pick up the major portion of these costs.

Even with these challenges, I think the economy is holding well. We learned of the additional dollars from new construction after the budget was established. We began to see the increase in Sales Tax and Real Estate Excise Tax over the past four months. This will leave the City in a very healthy position. I realize there are growing operational needs, particularly in the area of public safety. Therefore, as the Council reviews the budget, and the additional dollars are identified, I would not be opposed, if the newly elected Mayor also concurs, to adding some public safety positions. As these would be recurring costs, they would have to be sustained over time by recurring revenues.

Given the fact that our region continues to be involved in one of its worst recessions in history, some might look at the future, pull back, and reduce programs and staff. I look at the future with confidence that our City's revenues will grow to meet our needs. Our population growth is expected to be 1.3 percent and 1.4 percent, respectively, for 2004 and 2005. This is still roughly double the regional growth rate. We will annex more land to the east of our current city limits, and more housing will bring more families into our City. We will work with the regional leaders on the complex issues related to other Potential Annexation Areas. One of the things we must guard against is to simply allow the County Government to devolve its budget shortfalls in these annexation areas onto us, with resulting reductions of service to our citizens. I encourage the City Council and the new Mayor to continue to be cautiously optimistic—an attitude I believe has been a hallmark of my administration.

Now I am looking forward to the time my service in local government will come to an end. I present this Budget to you and I look forward to providing a smooth transition of a City that is on the move and in sound financial condition.

Sincerely,

A handwritten signature in cursive script that reads "Jesse Tanner". The signature is written in dark ink and is positioned below the word "Sincerely,".

Jesse Tanner  
Mayor

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## **Financial and Operational Policies**

The Renton City Council approved the 2004 Adopted Budget based on specific financial and operational policies. These policies, in turn, are based on these key budget request principles:

- Budget requests will pay for themselves in measurable dollars.
- Budget requests will adhere to Council priorities and strategies.
- Budget requests will have a return on investment.
- Nonrecurring budget requests are identified.
- Productivity improvements and cost effectiveness are measurable.

Following is a list of the City of Renton's financial and operational policies, and strategies for implementing them.

### **1. The City shall maintain short-term and long-term fiscal stability.**

- Fund ongoing operations using ongoing revenues. (This also applies to ongoing capital improvement costs and rehabilitation and renovation project costs.)
- Monitor and, where necessary, adjust all operating revenue and expenditures in order to ensure that, over time, its expenditures do not exceed its revenues.
- Continue to improve operating revenue and expenditure reports so that managers can make timely financial adjustments.
- Prepare annually a set of six-year budget projections and rate increases for all its operating and capital funds in order to forecast both revenues and expenditures.
- Evaluate budget initiatives as part of these six-year budget projections.
- Link all initiatives to Business Plan Goals and the six-year projection model to better understand the long-term financial effects of sustaining each initiative.
- Continue to conservatively project revenues and budget expenditures at 100 percent in order to ensure budget solvency.
- Accept new requirements for service delivery only when adequate funding is available.

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**2. The City shall maintain sufficient liquidity to meet normal operating and contingency obligations.**

- Continue to maintain general governmental and enterprise fund balances equal to one month's (8 percent) operating expenditures for all operating funds.
- Maintain an insurance reserve for property, casualty, and medical claims in an amount equal to consultant or actuarial requirements.

*The City is working on the development of an actuarially determined loss reserve level. At year-end 2003, the City projects a reserve of \$7,600,000 or 11 percent of general governmental expenditures, as a catastrophic loss reserve in the Insurance Fund.*

- Replenish the insurance reserve portion of the insurance fund in the following year either by transfer or premium.
- Budget termination benefits in nondepartmental budgets in an amount equal to average termination costs.

*The 2004 budget identifies \$276,300 for termination payments. Retirement costs, appropriation for unused sick and vacation leave time, and other liability issues are included in this amount. This amount reflects the anticipated cost of retirements and attrition.*

**3. The City shall protect itself from catastrophic losses.**

- Maintain a contingency account equal to 8 percent of general governmental operating expenses without grants and nonrecurring transfers.

*Currently, the City combines its insurance actuarial and contingency requirements in the Insurance Fund. At year-end 2003, the City projects to have \$7,600,000, or 11 percent of general governmental expenditures, to meet both insurance actuarial and contingency needs.*

- Purchase excess medical, property, and liability insurance to cover major losses, as deemed appropriate by the City's risk management program.

*Through the Washington Cities Insurance Authority, the City of Renton carries excess coverage in all areas. These are found in the Insurance Fund information.*

- Only use the contingency account for either unusual fiscal conditions or catastrophic losses outside insured limits, with any expenditure requiring five Council votes.

*This is current practice. The contingency account could be reduced as a result of actual operations. Each year the contingency balance is analyzed. A plan is developed to ensure that the balance is maintained according to policy. The plan can include transferring savings directly to the account from other funds, increasing future year premiums to repay past higher expenditures, or making a budget appropriation from future year revenue directly in the contingency account.*

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**4. The City shall have service users pay their fair share of program costs.**

- City utilities and the airport shall continue to be 100 percent user supported.
- The City's golf course operations shall be self-supporting, with the original acquisition paid for from general governmental revenue.

*The Maplewood Golf Course currently funds 100 percent of operations, new debt and capital improvement projects through golf course fees.*

- User fees shall contribute an average of 50 percent toward all recreation services and operations, with the exception of the Renton Senior Activity Center.
- The City shall continue to pay 100 percent of the cost of the Renton Senior Activity Center operations, with the users continuing to pay the full cost of special events.
- Developers shall continue to pay at least 65 percent of the cost of reviewing and processing their permits.
- Interfund charges shall continue to occur only when needed for enterprise, external chargeable, mitigation, or grant-related services and capital projects.
- The City shall continue to review annually all fees, charges, and rates to determine whether they meet targeted cost coverage. The City shall continue to make adjustments in conjunction with the budget process.

*The following fees were increased in 2004: golf course green fees, water, sewer and surface water system development fees, athletic field light fees, and boat launch fees. In addition, fees were adopted for the new aquatic center.*

**5. The City shall operate utilities in a responsive and fiscally sound manner.**

- Conduct utility rate studies at least every five years in order to update assumptions and ensure the long-term solvency and viability of its utilities.

*A Utility Rate Model update was completed in 2002. In 2003 a bond reserve fund was created per refunding bond issue requirements. The reserve requirement represents the maximum annual debt service. A rate stabilization fund was also created. The purpose of the fund is to set aside net revenue for future strategic opportunities in establishing the waterworks infrastructure.*

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- Review and adjust annually, if necessary, utility rates in order to reflect inflation and construction goals, maintain covenants, and avoid major periodic increases.

*The City adjusts water, wastewater (sewer), surface water (storm drainage), and garbage rates as required. The 2004 rate increases for Renton services are as follows: water 3 percent, wastewater 3 percent, surface water and garbage 0 percent.*

- Continue to pass through to ratepayers the cost of utility contractual services over which the City has no control in a manner consistent with Council direction.

*King County/Wastewater Treatment rates, tipping fees, and hazardous waste charges are handled in this manner. Wastewater Treatment rates and tipping fees will not increase in 2004.*

- Include an annual capital contribution for Waterworks Utility rates equal to 1.5 percent of net assets.

*The 2004 transfer is based on the amount of excess fund balance available. The amount of the transfer is \$1,731,000.*

- Continue to maintain fund balances in enterprise funds at levels established through rate studies or at levels equal to a target of 45 days, with a minimum of 30 days, of O&M expenses that are necessary to meet operating, capital, and contingency requirements.
- Continue to use excess fund balances to offset rate increases where possible and use any remaining balances for approved capital purposes.

**6. The City shall maintain and meet infrastructure and capital needs.**

- Continue to give priority to maintaining existing capital assets over acquisition or construction of new facilities when making capital funding decisions.
- Adopt a six-year Capital Facilities Plan and a six-year Capital Improvements Program Plan that identify all growth-related and major maintenance projects and costs; also identify funding strategies.

*The City adopted a Capital Facilities Plan as part of its Comprehensive Plan. A separately issued City of Renton Capital Improvements Program document has been published for 2004 through 2009*

- Dedicate the first year of property taxes generated from newly incorporated areas to the Capital Fund.
- Dedicate 50 percent of sales tax generated from new businesses each year to the Capital Fund. (These dollars shall provide the basis for the funding strategy.)
- Continue to maximize County, State, and Federal grants, loan interest programs, and other intergovernmental sources for capital needs when it is consistent with City plans and policies.

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- Use voted general obligation bonds and special levies to finance infrastructure improvements for public benefits that support quality of life and that do not necessarily generate cost savings on revenue streams.
  - Continue to identify and include all ongoing operation and maintenance costs prior to undertaking a capital project as part of the policy discussion.

**7. The City shall provide both a long-term and a short-term debt strategy that allow it to meet current and future needs through borrowed capital without imposing a severe financial burden.**

- Continue to review all forms of funding to determine the least costly method and the most appropriate type of financing.

*The City reviews each project to determine if revenue bonds, LIDs, or general voter-approved or council manic debt is the most appropriate.*

- When bonds are used to finance debt, issue bonds for a maximum of 20 years or for the life of the asset, whichever takes less time.
- Continue to evaluate the costs and benefits of borrowing versus cash financing programs and projects.
- Develop a long-term program to meet equipment needs, including vehicles, computers, and copiers.

*The 2004 budget includes \$ 1,350,000 in Municipal Facilities CIP to meet technology information and copier needs.*

- Continue to use nonvoter-approved debt as an alternative to other financing options if the capital expenditure is the most cost-effective alternative, urgent, unanticipated, or necessary to generate revenue or prevent economic loss.

**8. The City shall establish accountability in budget monitoring.**

- Continue to set total appropriations at the fund level.

*Appropriations are adopted at fund level in the budget.*

- Make department directors responsible for managing their budgets within the total appropriated budget.
- Approve any budget adjustment between funds.
- Continue the process whereby the Mayor approves budget adjustments within a fund and reports them to the Council. (Adjustments affecting program implementation require Council approval.)
- Continue to record departmental expenditures consistent with the State of Washington Budget, Accounting, and Reporting System.

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**9. The City shall establish consistent compensation standards for itself.**

- Set minimum pay levels in the compensation policy at the 60th percentile when compared with the median pay of comparable jurisdictions.

*Current compensation is between the 60 and 75 percentile for nonpublic safety personnel and the 90 to 95 percentile for public safety personnel.*

- Have Human Resources review reclassification requests on a quarterly basis, with the Mayor approving all recommendations prior to implementation. The Council shall approve all reclassifications involving a change in pay grade prior to implementation.
- Allow Human Resources to place new hires up to step C without Council concurrence. The Council shall approve all higher step employment placements.

**10. The City shall provide financial reports in a timely and understandable manner.**

- Continue to provide monthly budget reports outlining the status of revenue and expenditures to all departments, the Mayor, and the Council.
- Continue to distribute quarterly financial reports discussing major trends, the status of Renton financial operations, and other related information to all managers, the Mayor, and the Council. Also make them available to all other interested parties.

*Quarterly reports are prepared and submitted to interested parties.*

- Continue to distribute a comprehensive annual financial report, prepared in accordance with generally accepted accounting principles, to all interested parties and to the Government Finance Officers Association for certification.

*The CAFR is prepared and audited annually and submitted for compliance review.*

- Continue to present budget documents in a format that provides for logical comparison with prior years whenever possible.